

MOTOR FUELS UPDATE

DEPARTMENT OF REVENUE



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A Word From the Administrator!

STATE OF NEBRASKA



Mike Johanns
Governor

DEPARTMENT OF REVENUE
Mary Jane Egr
Tax Commissioner

MOTOR FUELS
Janet A. Lake
Administrator

Dear Motor Fuel Licensees,

We have just completed the conversion to electronic filing. I am very pleased to be able to report that currently, 100% of our gasoline, diesel, and aircraft fuel tax returns are being filed electronically (EDI).

Receiving this detailed information electronically is allowing us to more fully automate our fuel tracking system. With this system, we are able to ensure that all fuel tax is being reported in a correct and timely manner.

In conjunction with the electronic filing mandate, I am also pleased to report that all accounts whose total yearly motor fuel tax liability exceeds \$100,000 are remitting their payments via electronic funds transfer (EFT).

While we may not all share the same comfort level in the world of electronic commerce, it is here to stay. To aid you, we have included an article which explains the various components of our Web page. If you have any further questions, or have suggestions for its improvement, please share it with your account representative.

Finally, thank you for your patience and perseverance during this transition period. It is greatly appreciated.

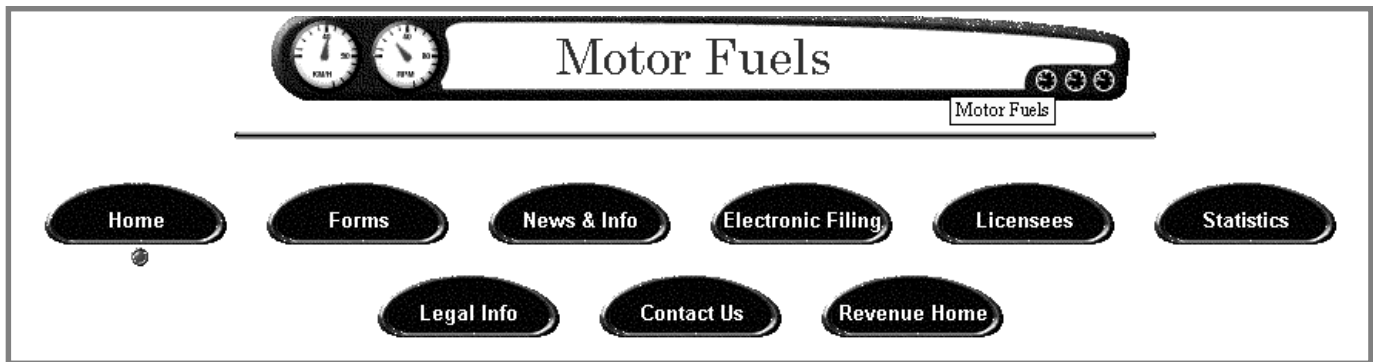
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I N S I D E

- **Our Homepage**
- **Biodiesel**
- **Sales Invoices for Nonhighway Gas**
- **Filing Dates and Payments**
- **Ethanol Incentives - Reg Hearing**

OUR WEB SITE: <http://www.revenue.state.ne.us/fuels/index.htm>

Have you had an opportunity to visit our revised Web page?



A click on each “button,” will provide you with specialized information:

◆ Forms

- ◆ **Applications** - Downloadable application forms for our various motor fuel tax programs.
- ◆ **Tax Returns** - Although we now require all returns to be filed via EDI effective 1/1/2002, we left copies of the paper returns and schedules here so you may see how the tax is calculated. **They may not be downloaded and filed!**

◆ News & Info

- ◆ **Newsletters** - Copies of our Motor Fuels Newsletters from April 1996 through current.
- ◆ **Info Guides** - Contains detailed information guides for each of our motor fuel tax programs.

◆ Electronic Filing

This location contains three significant items:

- ◆ **Online Filing** - We have developed returns you can “fill-in and file” from your PC. They include the Consumer’s Use Tax Return, Form 74; Carrier Report, Form 80; and the Compressed Fuel Retailer Return, Form 86. If you would like to begin filing these returns electronically, contact your Account Representative. You must pre-register.
- ◆ **EDI Filing** - Contains the three methods by which you may transfer files electronically: HTML, FTP, and E-Mail. We also provide you our Public Key which you may use to encrypt your transmissions to ensure privacy.
- ◆ **Software Guide** - Contains detailed mapping instructions for those filers who wish to develop their own EDI software.

◆ Licensees

This location contains information necessary to ensure you that your customers are properly licensed to transact motor fuel business in Nebraska.

- ◆ First is a listing of all Nebraska pipeline terminals including their respective terminal codes. We have also included this same information for terminals in other states that are located close to our border.
- ◆ A second listing identifies all business that are able to transport fuel and purchase fuel tax-free. It also identifies their level of license and provides their FEIN for your reporting purposes. This information is updated monthly.
- ◆ The final listing identifies all retailers. This group is only able to purchase fuel tax-paid. This information is updated monthly.

◆ Statistics

This location contains statistical tables, broken out by product, of both gallons and dollars reported for the last three fiscal years. It also provides a month-by-month comparison of these same statistics.

◆ Legal Info

- ◆ **Statutes** - This site provides you direct access to all Nebraska statutes applicable to motor fuel. It is organized by tax program.
- ◆ **Revenue Rulings** - A revenue ruling is an official determination as to how the motor fuel laws apply in specific situations. This site contains rulings issued since May, 1998.

◆ Contact Us

Provides you a direct link by which you may contact us with any questions you may have.

◆ Revenue Home

This button will take you directly to the Department of Revenue’s homepage.

If you scroll down to the bottom of the site, you will find a reference for:

◆ Fuel Tax Rates

Accessing this area provides you the current tax rates and Petroleum Release (PRF) fees for all fuel products. It also provides a historical perspective of these rates since January, 1997.

BIODIESEL

How Do I Report Biodiesel That is Added to Diesel Fuel?

Biodiesel is an alternative fuel produced from renewable resources, the most common being soybean oil. While it may be used in its pure form, it is normally blended with petroleum diesel.

Biodiesel becomes subject to Nebraska diesel fuel tax when (1) added to undyed diesel fuel or (2) added by government agencies to dyed diesel that is to be used in licensed motor vehicles.

Businesses filing a Form 73 must include the number of gallons of biodiesel added to undyed diesel on their schedule of receipts. Filers may include an entry for each blending action or a total of gallons blended for the month. The following information should be entered:

FIELD	ENTRY
Schedule Code	2
Product Code	160
Carrier Name	Name of carrier
Carrier FEIN	FEIN of carrier
Mode	J
Origin	State in which you received ownership of the biodiesel.
Destination	NE
Seller Name	Name of Seller of the biodiesel.
Seller FEIN	FEIN of Seller of the biodiesel.
Date	Date of blending or end of month
Document #	Biodiesel
Gallons	Number of gallons subject to diesel fuel tax.

This method of reporting is temporary until a product code for biodiesel is assigned.

Government agencies adding biodiesel to dyed diesel that is subject to Nebraska diesel fuel tax, must include the number of gallons of biodiesel on the Form 74.

Retailers or consumers must remit Nebraska diesel fuel tax on the number of biodiesel gallons that were added to tax-paid undyed diesel fuel by completing a Form 74. Instructions for completing this form can be obtained by call the Nebraska Motor Fuel Division at 800-554-3835.

Imports and the first sale of Nebraska-produced biodiesel are subject to Nebraska Petroleum Release Remedial Action Fee (PRF) when packaged in containers of more than 110 gallons.

SALES INVOICES FOR NONHIGHWAY GAS

During recent reviews of companies and individuals claiming nonhighway gas tax credit, we have noted many retailer invoices that do not provide the following required information:

- ✓ **A serial number.** The serial number cannot be repeated during the calendar year;
- ✓ **Seller's name and address.** This information may be printed or stamped on each invoice;
- ✓ **Purchaser's name and address;**
- ✓ **Date of purchase;**
- ✓ **Delivery date;**
- ✓ **Place of delivery,** if other than purchaser's address;
- ✓ **Number of gallons purchased;**
- ✓ **Price paid per gallon, including tax;** and,
- ✓ **The words "Nonhighway Use Motor Vehicle Fuels" or "Tax-Credit Gasoline" printed or stamped on the invoice.**

Invoices not containing the required information can result in the credit being disallowed.

As a retailer, you can assist your customers by issuing sales invoices with the above information. Additional information that you might want to share with your customers include:

- The gasoline must be placed in a dedicated storage tank with a capacity of 40 gallons or more that is clearly marked "Tax-Credit Gasoline" or "Nonhighway Use Motor Vehicle Fuels,"
- This gasoline cannot be used in licensed motor vehicles,
- Claimants of tax credit gasoline must make at least one 40 gallon purchase during the year, and
- Purchasers of gasoline to be claimed for a nonhighway gas tax credit are no longer required to have a Nebraska gas tax credit permit.

Please refer your customers' questions regarding nonhighway gasoline and any allowable credit to the Nebraska Motor Fuels Division at 800-554-3835.

FILING DATE AND EFT PAYMENTS

All Nebraska fuel tax returns and reports will be considered timely filed if transmitted or postmarked by the 25th of the month following the tax period being reported. Electronic filers are encouraged to forward the tax data as soon as possible versus waiting for the final filing date.

Please disregard the filing date instructions on the remaining supply of paper returns.

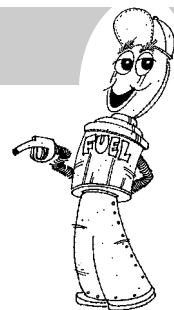
Remittances of taxes by EDI filers are sent separate and need to be forwarded by the final filing date. Please remember, filers required to submit funds by EFT must send all remittances by EFT. Do not submit by methods other than EFT, such as checks, money orders, etc.

ETHANOL PRODUCTION INCENTIVE PROGRAM REGULATIONS

The hearing for the proposed regulations regarding the Ethanol Production Incentive Program is set for 10:00 a.m. on June 11, 2002 at the Nebraska Department of Revenue.

MOTOR FUELS TAX

The Nebraska motor fuels tax for **January 1, 2002** thru **June 30, 2002** is **24.5 cents** per gallon.



FOR MOTOR FUELS TAXPAYER ASSISTANCE

Call your account representative or toll free 1-800-554-FUEL (1-800-554-3835).

Lincoln residents call 471-5730.

For *TT (Text Telephone), dial 1-800-382-9309.



*Telecommunication Device for the Deaf (TDD) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.

OR CONTACT:

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301 Centennial Mall South
P.O. Box 98904
Lincoln, NE 68509-8904

<http://www.revenue.state.ne.us/fuels/index.htm>

If you have received a duplicate mailing or would like to subscribe, please call 1-800-554-3835

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